

PRESS RELEASE

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Paris, October 8th, 2020

Korian announces today the launch of its share capital increase with shareholders' preferential subscription rights for an amount of approximately €400 million

Terms of the transaction

- **Subscription ratio:** 4 new shares per 15 existing shares
- **Subscription price:** €18.10 per new share
- **Preferential subscription rights trading period:** from October 12th to October 22nd, 2020 inclusive
- **Subscription period:** from October 14th to October 26th, 2020 inclusive
- **Subscription commitments:** approximately €128 million, i.e. c.32% of the total amount of the transaction

Korian, the leading European Care Services Group for elderly and fragile people, announces the launch of a share capital increase with shareholders' preferential subscription rights, for an amount (including issue premium) of approximately €400 million.

Predica and Holding Malakoff Humanis, Korian's two main shareholders with ownership of approximately 24.3% and 7.7% respectively of Korian's share capital, have committed to fully take-up their rights, for a total subscription amount of approximately €128 million, i.e. c.32% of the total amount of the transaction. Korian is not aware of the intentions of its other shareholders.

Reasons for the offer

The proceeds of the rights issue will be used for the purpose of financing the acquisition price of Inicea, as well as reimbursing Inicea's debt, for a global amount of approximately €360 million, and, for the remaining balance, to finance the future Group's growth in line with its development strategy.

The acquisition of Inicea was announced separately on October 1st, 2020.

Complementing an existing network of 11 psychiatry facilities, the acquisition of Inicea significantly reinforces Korian's presence in the attractive private psychiatry market and

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creates the third largest operator of psychiatry clinics in France¹. The acquisition of Inicea is expected to be accretive to Korian's EBITDA margin.

Key terms of the rights issue

The rights issue will be carried out through the allocation of shareholders' preferential subscription rights, pursuant to the 18th resolution of the combined general meeting of June 22nd, 2020, and will result in the issuance of 22,113,296 new shares at a subscription price of €18.10 per share (i.e., a par value of €5 and plus and issue premium of €13.10), to be fully paid up upon subscription, representing gross proceeds, including the issue premium, of €400,250,657.60.

Existing shareholders of record as of the close of trading on October 9th, 2020 and holders of shares issued upon the exercise of outstanding (i) undated bonds convertible into new shares and/or exchangeable for existing shares of Korian issued on July 3rd, 2017 and September 21st, 2018 (the ODIRNANE) and bonds convertible into new shares and/or exchangeable for existing shares of Korian issued on March 6th, 2020 (the OCEANE) that will have been exercised at the latest on October 11th, 2020 will be entitled to receive preferential subscription rights which will be detached from the underlying existing shares on October 12th, 2020. Existing shares will therefore trade ex-right from October 12th, 2020.

Each existing share will entitle its holder to receive 1 preferential subscription right. 15 rights will entitle holders to subscribe for 4 new shares, at a subscription price of €18.10 on an irreducible basis (*à titre irréductible*).

Subscriptions on a reducible basis (*à titre réductible*) will be accepted. Any new shares not subscribed on an irreducible basis (*à titre irréductible*) will be distributed and allocated to the holders of the rights having submitted additional subscription orders on a reducible basis (*à titre réductible*) subject to reduction in the event of oversubscription.

Based on the closing price of Korian stock on the regulated market of Euronext Paris ("Euronext Paris") on October 6th, 2020, i.e. €27.58:

- the theoretical value of 1 right is €2 (this value may fluctuate during the rights trading period, in particular depending on the evolution in the price of Korian shares)
- the theoretical value of the ex-right share is €25.58
- the subscription price for the new shares of €18.10 per share (representing a nominal value of €5 and issue premium of €13.10) reflects a discount of 29.3% to the theoretical ex-right share price and 34.4% to the closing price on October 6th, 2020

The rights issue will be subject to an offer to the public in France only. Upon a decision of the Board of Directors dated October 1st, 2020, Korian decided to suspend the conversion right attached to all the outstanding ODIRNANE and OCEANE as from October 12th, 2020 (00:01

¹ In number of facilities

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a.m., Paris time), for a maximum period of three months, i.e. until January 12th, 2021 (23:59, Paris time).

Guarantee

The rights issue (other than the new shares that are subject to the subscription commitments of Predica and Holding Malakoff Humanis and other than shares issued upon conversion of any ODIRNANE or OCEANE) is being underwritten pursuant to an underwriting agreement entered into on October 7th, 2020 with a syndicate of banks including HSBC and Morgan Stanley acting as Joint Global Coordinators and BNP Paribas, Crédit Agricole Corporate & Investment Bank and Société Générale acting as Joint Bookrunners. This agreement may be terminated under certain conditions and in certain circumstances, in particular in case of inaccuracy of the representations and warranties, non-compliance with one of its commitments by the Company, non-realization of the usual conditions precedent, significant adverse change in the Company's situation and its subsidiaries, or the occurrence of significant national or international events.

Lock-up agreements

Korian has agreed to a lock-up period starting on the date of signing of the underwriting agreement and ending 90 calendar days after the settlement and delivery date of the rights issue, subject to certain exceptions.

Predica and Holding Malakoff Humanis have each agreed to a lock-up period starting on the date of the approval of the *Autorité des marchés financiers* (AMF) on the French language prospectus in respect of the rights issue and ending 90 calendar days after the settlement and delivery date of the rights issue subject to certain exceptions.

Dilution

Following the issue of the full amount of the rights issue, a shareholder holding 1% of the share capital of Korian before the rights issue and not subscribing to it would come to hold 0.79% of the share capital on an undiluted basis and 0.69% of the share capital on a diluted basis².

Indicative timetable of the rights issue

The preferential subscription rights will be traded on Euronext Paris under the ISIN code FR00140003N8 from October 12th, 2020 until October 22nd, 2020 inclusive. It will not be possible to buy or sell the preferential subscription rights on the market after the close of trading on October 22nd, 2020. The subscription period for the new shares will run from October 14th, 2020

² Assuming the definitive acquisition of all the 545,925 free shares allocated and the issue of 7,744,342 shares upon exercise of the conversion right under the 7,460,831 outstanding ODIRNANE and the issue of 6,500,894 shares in the event of the conversion of the 6,500,894 outstanding OCEANE.

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to October 26th, 2020 inclusive. Any preferential subscription rights not exercised before the end of the subscription period, i.e. the close of trading on October 26th, 2020, shall automatically become null and void.

Settlement and delivery of the new shares and beginning of trading on Euronext Paris are expected to take place on November 2nd, 2020. The new shares, which will carry dividend rights and will entitle their holders to any dividends declared by Korian from the date of issuance, will be, as from their issuance date, fully fungible with Korian's existing shares and will be traded under the same trading line and ISIN code as the Korian's existing shares (ISIN code FR0010386334).

Dividend policy

The Company has paid for a number of years a dividend of €0.60 per share, with an option to be paid in shares. The payment of a dividend of €0.66 per share (i.e. a total amount of approximately €55 million) with an option for the payment in shares for the financial year 2019 was announced on 27 February 2020 with the publication of the annual results for the financial year 2019. In light of the extent of the current pandemic and in order to use all of its resources for the benefit of all Group stakeholders, the Board of Directors decided to withdraw the payment of dividends from the draft list of resolutions presented at the Annual General Meeting of 22 June 2020.

As for the financial year 2020 and the subsequent financial years, Korian expects to resume its dividend policy in line with its previous dividend policy as soon as possible depending on the general environment, on the financial situation of the Company and the performance of its activities and investments.

Information available to the public

The prospectus in the French language including (i) the universal registration document (*document d'enregistrement universel*) of Korian filed with the AMF on May 7th, 2020 under number D.20-0452, (ii) the amendment of the universal registration document filed with the AMF on October 7th, 2020, and (iii) a securities note (*note d'opération*) (including the summary of the prospectus) which was filed with the AMF and received approval under number 20-497 dated October 7th, 2020 is available on the website of the AMF (www.amf-france.org) and the company (www.korian.com). Potential investors are advised to read the prospectus before making an investment decision in order to fully understand the potential risks and rewards associated with the decision to invest in the securities. The approval of the prospectus by the AMF should not be understood as an endorsement of the securities offered or admitted to trading on a regulated market.

Risks

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The investors' attention is drawn to the risk factors included in chapter 2 "Risk Factors" of the universal registration document, in section 2 "Risk Factors" of the amendment to the universal registration document and in chapter 2 "Risk Factors" of the securities note (*note d'opération*).

Especially, investors are invited to take into consideration the operational and financial risks due to the pandemic linked to the Coronavirus (Covid-19) as described in chapter 2 "Risk Factors" of the universal registration documents and updated in section 2 "Risk Factors" of the amendment to the universal registration document.

About Korian

Korian, the leading European Care Services Group for elderly and fragile people.

www.korian.com

Korian has been listed on Euronext Paris (Compartment A) since November 2006 and is included in the following indices: SBF 120, CAC Health Care, CAC Mid 60, CAC Mid & Small and MSCI Global Small Cap

Euronext Ticker: KORI – ISIN: FR0010386334 – Reuters: KORI.PA – Bloomberg: KORI.FP

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